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INFO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE PRIORITY

RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY

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RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

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SIPDIS

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STATE FOR WHA/MEX/ROTH AND EB/TPP/MTA/IPC/WALLACE

STATE PASS USTR FOR

EISSENSTAT/ESPINEL/MELLE/SHIGETOMI/BAE/MCCOY

STATE PASS COPYRIGHT OFFICE

COMMERCE FOR ITA/JACOBS/WORD/WILSON/WRIGHT

COMMERCE PASS USPTO

JUSTICE FOR CCIPS/MERRIAM/KOUAME

E.O. 12958: N/A

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SUBJECT: PRESIDENT CALDERON, GOVERNOR PENA NIETO, VOW TO
COMBAT PIRACY

Summary and Comment

1. Last week at two separate events, Mexican President Calderon and the governor of the State of Mexico vowed to combat the trade in pirated and counterfeit goods, arguing that strong IPR protection is a necessary condition for attracting investment, strengthening competitiveness, and generating quality jobs. Calderon specifically called on the Inter-Secretarial Commission for Combating the Illegal Economy, spearheaded by the Secretariat of Governance, and Mexican Customs to lead the fight at the national level. The following day, Governor Pena Nieto presided over the signing of an agreement that pledged his state government to fighting piracy in coordination with the federal government and the private sector. Hopefully his example will encourage other governors to follow suit. Political commitment from the top will be key to improving Mexico's protection of IPR. Post will be following up to see if federal and state actions match last week's welcome rhetoric from the President and the governor. End summary and comment.

Calderon's Speech

2. On March 28, President Calderon inaugurated the 52nd General Assembly of the National Chamber of Apparel Industries. He used the occasion to deliver a speech in which he pledged his government's commitment to combating illicit commerce in pirated and counterfeit goods and unfair foreign trade practices (see septel for more on the latter issue). Regarding the former, Calderon argued that an economy cannot develop on a foundation of illegality, and noted that organized crime groups have now taken control of contraband markets in Mexico. He declared that the state cannot permit brazen transgression of any law to pass with impunity, and said the legislative, executive and judicial branches of government at the national, state, and municipal levels need to join hands with all social sectors to fight piracy, counterfeiting, and contraband trade. To that end, he said, he had instructed the Secretariat of Governance to intensify the efforts of the 'Inter-Secretarial Commission for Combating the Illegal Economy' (which Governance chairs -- the Prosecutor General of the Republic, or PGR, also participates) to go after organized crime. (Note: Post will seek clarification of the respective roles of the

Inter-Secretarial Commission mentioned by Calderon and another GOM interagency initiative -- the Inter-Institutional Committee for the Protection of IPR -- which is headed by the PGR. End note.) He said the government has also set in motion a program to modernize and professionalize Mexican Customs in order to re-double their anti-piracy efforts.

State of Mexico Signs Agreement

13. The next day, at a separate event, Governor Enrique Pena Nieto of the State of Mexico (the country's most populous state -- it does not/not include Mexico City), presided at the signing ceremony of the "Coordination Agreement for Preventing and Combating IPR Infringement, Contraband, and Stolen Merchandise." The agreement, which was signed by the State of Mexico's Secretary General and a representative of an umbrella group of IP-related companies and industry associations, is modeled on the "National Agreement Against Piracy" that was signed by the federal government and private industry in 2006. It is the first such agreement signed by a state government, though industry is hoping to convince more governors to follow suit, with the State of Morelos appearing closest to doing so. The main objectives of the agreement with the State of Mexico are to: fight IPR infringement and other forms of illegal commerce; recover the legitimate market lost to illegal trade; incentivize vendors of illegal goods to switch to legitimate goods; and improve the investment climate of the state. The state government pledges to work toward these goals in coordination with industry and the federal government. The director general of Mexico's patent and trademark office (IMPI) and the federal prosecutor for the State of Mexico were both present. The state government will reform its laws to permit more

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aggressive action against illegal merchants, and make the necessary funding available for the activities contemplated in the agreement.

14. In his speech following the signing ceremony, the governor stressed that education, a culture of legality, and sound economic development were a proven virtuous circle, noting that formal sector employment is far superior to informal sector jobs. He lamented Mexico's poor IPR performance, citing last year's Special 301 report, and asserted that illicit trade in pirated, counterfeit, and contraband goods was increasingly linked to powerful organized crime groups. He vowed that the intentions reflected in the agreement would become facts, and that his government would immediately quicken the pace of enforcement actions in conjunction with federal authorities.

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